

Table of Contents

Introduction.....	1
Executive Summary: Sharpening the Saw.....	3
Figure 1. 100 Day Process Timeline	3
Figure 2. State of Iowa Executive Branch Staffing	5
Figure 3. Staffing Alternatives.....	6
Figure 4. Temporary Staffing Trend	7
Figure 5. Declining Trust in Government	8
Figure 6. The Emerging Digital Citizen	9
What We Learned.....	11
Focus Group Feedback.....	11
Figure 7. Most Troubling Compensation Issues	14
Figure 8. Most Important Employee Competencies	15
Figure 9. Most Needed Cultural Changes	16
Figure 10. Perceptions That Encourage People to Work for State Government ...	17
Figure 11. Priorities for Recruitment/Retention/Classification	18
Figure 12. How to Ensure Diversity	19
Figure 13. Barriers That Limit Diversity.....	20
A Statistical Picture of State Employees.....	20
Figure 14. The Executive Branch Work Force (estimate)	21
Figure 15. Top 10 Contractors in Fiscal Year 1999.....	21
Figure 16. Executive Branch: The Compensation Bucket	22
Figure 17. Paid Work Days vs. Paid Leave Days Used	23
Figure 18. Actual Productive Time Available for State Employees.....	24
Figure 19. The Benefit of Reducing Absenteeism.....	25
Figure 20. More Ways to Increase Productive Time	26
Figure 21. Filling the Vacancy Timeline	27
Figure 22. Estimated Costs of Filling a Vacancy	27
Figure 23. Selection Ratio of Applicants to Hires	28
Figure 24. Turnover by Ranking.....	28
Figure 25. Age of State Employees	29
Figure 26. Current and Projected Workforce Diversity.....	30
Iowa Department of Personnel: Current and Future Roles	31
Figure 27. IDOP Systems and Services Provided.....	32
Figure 28. Risks and Resources Managed by IDOP.....	34
Figure 29. Current Human Resource Infrastructure	35
Figure 30. Some Key Priorities to be Addressed Through Restructuring IDOP ...	36
Conclusions	43

Introduction

Iowa State Government is many different things to the people of Iowa. It is a resource for information and assistance, a funding resource, a policymaker, a regulator, or simply the issuer of a driver's license. For nearly 56,000¹ Iowans, State Government is also a place to work.

These employees are responsible for translating Iowa law into action and delivering the services Iowa provides to its citizens. For the citizens who receive those services, state employees fill an important need—and may be their only direct connection to state government. As government goes about the business of providing services to its customers, its front-line employees *are* State Government.

Iowa's commitment to provide good service to its customers has not been matched with proportionate investments in its human resource infrastructure during recent years. Even before his election as Iowa's first new governor in sixteen years, Governor Thomas J. Vilsack expressed concern for attending to key human resource issues that must be addressed to achieve the vision that "State Government will be an organization of performance excellence." The following are the Seven Key Human Resource Goals of the Vilsack/Pederson administration:

Vilsack/Pederson Key Human Resource Goals

1. Improve labor-management relations
2. Provide learning and growth opportunities for employees
3. Establish a renewed focus on customer service
4. Create a culture built upon a foundation of trust, employee involvement, collaboration, innovation, continuous improvement, and an outcomes orientation
5. Create a compensation and reward system linked to performance
6. Use Baldrige Award criteria to evaluate state government performance
7. Work within current fiscal resources to maximize return on investment

The entity that provides human resource and retirement system management and services to the Executive Branch of Iowa Government is the Iowa Department of Personnel (IDOP)². Its mission is to support state agencies in the delivery of services to the people of Iowa by providing programs that recruit, develop, and retain a diverse and qualified work force, and to administer a responsible retirement system for the exclusive benefit of its public employee members and their beneficiaries.

¹ Includes employees in all branches of State Government and the Regents institutions.

² IDOP also provides services, such as negotiation and administration of collective bargaining agreements and certain employee benefits programs, for AFSCME-covered employees of the Regents' institutions as well as benefits programs for the Legislative and Judicial branches of State Government.

Governor Vilsack's appointment of Mollie Anderson as the new director of the Iowa Department of Personnel provided an opportunity for a fresh assessment of the human resource infrastructure of State Government. The appointment included a challenge to Director Anderson to investigate, firsthand, employee perceptions of the State's human resources management and IDOP's structure and systems. With the help of a special IDOP staff project team and others interested in improving the State's return on its investment in human resources, research began.

This report summarizes the fact-finding initiative that took place during a 100-day period which began shortly after Director Anderson's appointment. The report is intended to provide a foundation for further strategic planning.

This report is presented with a firm commitment to assist Governor Vilsack and Lt. Governor Pederson in achieving their vision for State Government, revitalizing the State's human resources infrastructure to better serve *our* customers—state government employees.

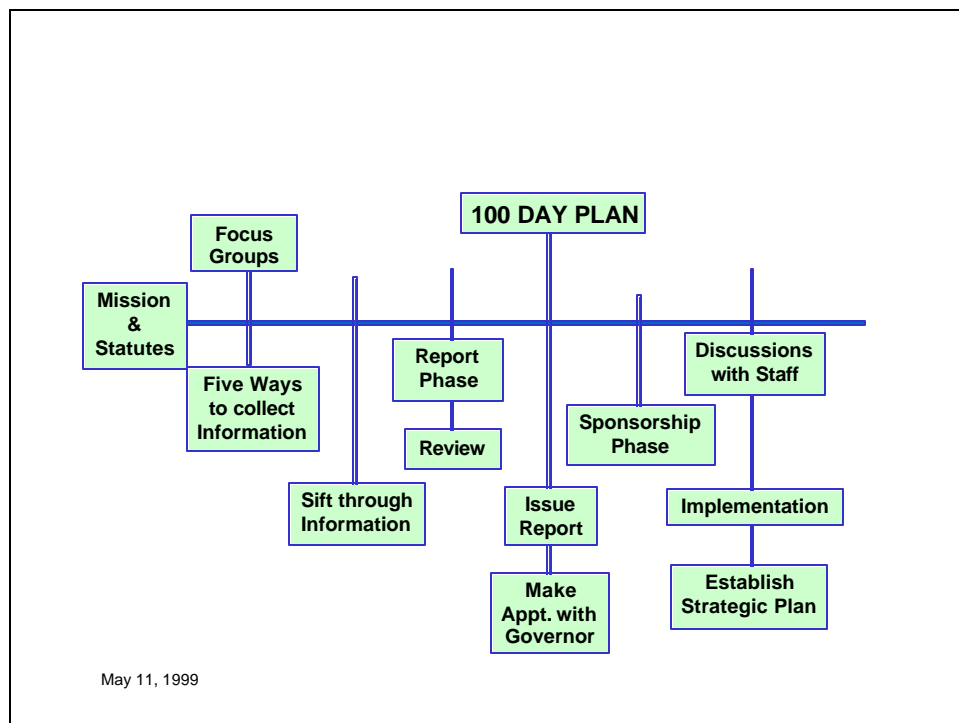
Executive Summary: Sharpening the Saw

In planning to revitalize the State's human resource infrastructure, Director Anderson began to identify problems and solutions that would improve IDOP's ability to serve its customers. Management guru Steven Covey refers to efforts that improve an employee's ability to serve customers well as "sharpening the saw".

Covey's "saw" metaphor suggests creating opportunities to divert some energy into efforts which improve our capacity to produce results. In a similar way, Director Anderson's investigation was based on the premise that improvements in IDOP's services to employees, state agencies, and job applicants would lead to improvements in State Government's ability to provide high-quality customer services to Iowans.

A Timely Venture

Figure 1. 100 Day Process Timeline



FINDINGS

There are many things going right with state government and its human resources management system. Throughout the 100-Day Report process, Director Anderson heard from many that:

- IDOP's centralized human resources functions are valuable in ensuring fair, equitable, and consistent personnel administration
- Personnel Officers provide high quality customer services to state agencies
- The Department manages high quality benefits and retirement programs
- IDOP has assisted other agencies in organizing successful recruitment efforts.

There were also opportunities for dramatic improvement identified throughout Director Anderson's focus group interviews, including:

1. State government managers lack access to current, basic human resource data. This fact is a significant hindrance to their ability to manage effectively. These managers lack basic human resource data to manage their work force and ensure that the State gets maximum return on its human resource investment.
2. The absence of a strategic workforce plan for the future and a clear compensation strategy make future planning almost impossible. As recruiting for skilled positions becomes even more difficult, the probability of failure grows proportionately.
3. State Government's return on its investment in human resource infrastructure is too low, and needs to be improved.
4. The environment in which state government employees work does not support teamwork, shared decision making, or increased accountability—each of which is essential to improving State Government's ability to provide excellent customer service to Iowans.
5. IDOP's current structure and systems do not meet the needs of our customers and must be refocused.

Director Anderson has translated the findings into specific action items which address these areas of improvement:

- Redesign the recruitment and selection system
- Initiate a training-focused leadership academy
- Implement labor-management committees
- Redesign the job classification system
- Redesign pay plans and pay policies
- Develop and implement a strategic workforce plan
- Redesign the performance management system
- Create a health advisory council
- Reengineer IPERS computer system

BACKGROUND

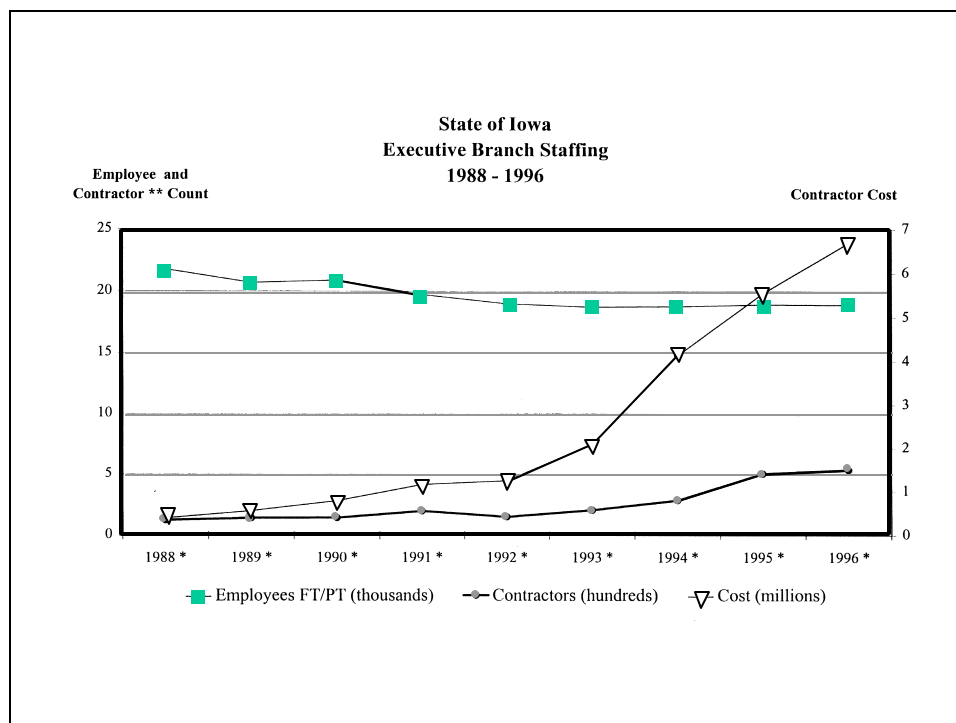
A. Forces Impacting the Human Resource Infrastructure

Significant changes in characteristics of the existing state government employee population and public attitudes during recent years made the 100 Day Report project an especially timely undertaking. Both internal and external forces are creating great opportunities for change.

1. Internal Forces

The state government work force is heavily unionized with 81% of the Executive Branch covered by a collective bargaining agreement. Improving labor-management relationships is a key goal of the Vilsack-Pederson Administration, providing the support and impetus to create a workplace culture that will empower employees to get involved in quality improvement efforts.

Figure 2. State of Iowa Executive Branch Staffing



* fiscal years

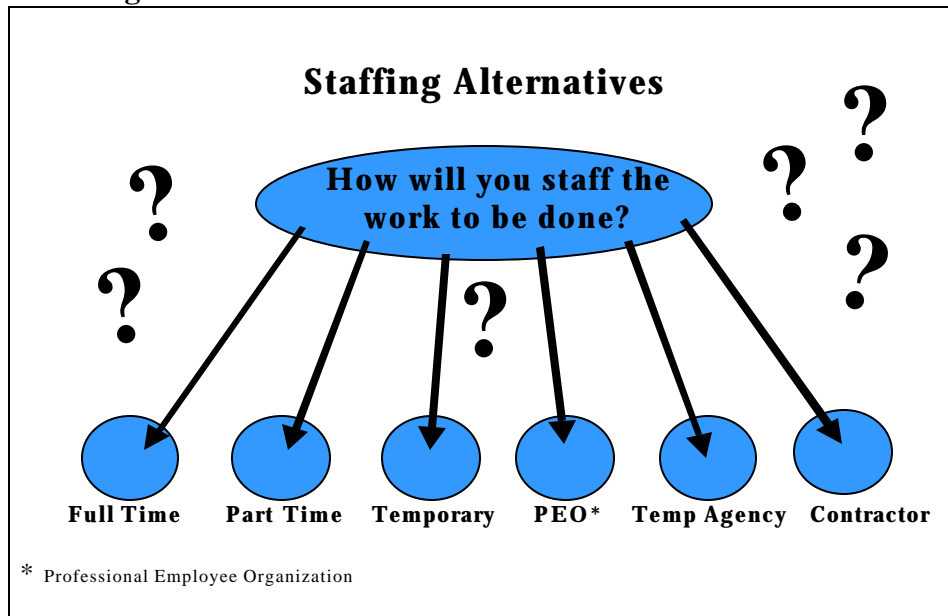
** Personnel Services Contractors

The state employee work force is aging. Based on an average employee age of 44 in 1999, State Government can expect to see growing interest in retirement.

Turnover and retirement rates will rise. Hiring managers are already concerned about their ability to recruit employees with the specialized skills needed for many key areas of Iowa Government. In a recent survey of Iowa state managers, job classifications

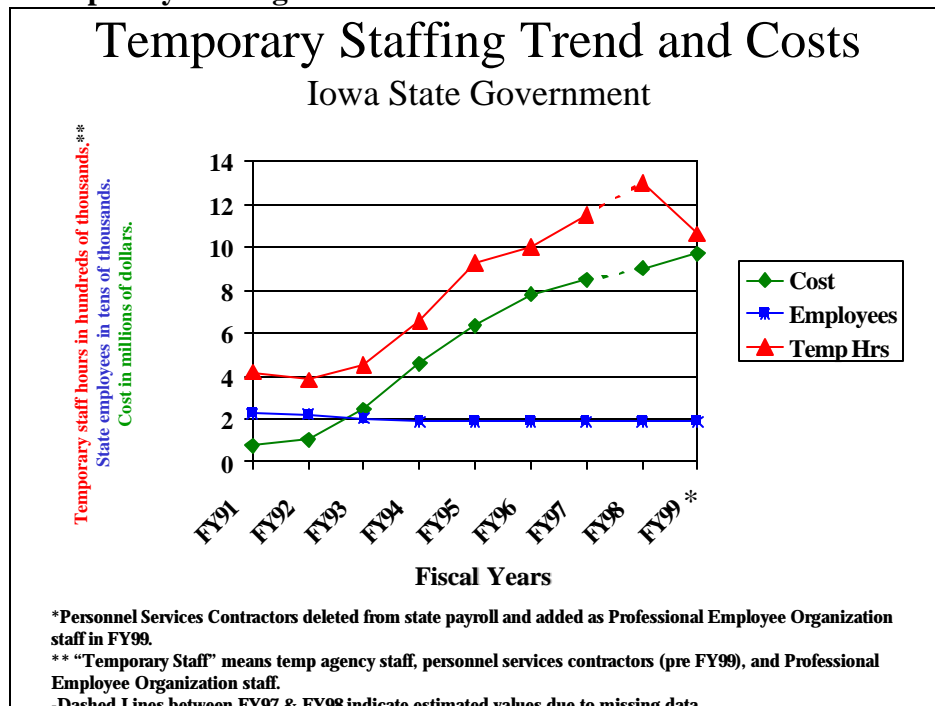
experiencing recruitment difficulties included financial examiners, auditors, and engineers.

Figure 3. Staffing Alternatives



Managers are using "contingent" workers to help get the work of State Government done. They have a variety of staffing alternatives available to them including the use of part-time and temporary workers as well as contractors. The trend toward the use of these "contingent" workers has grown dramatically, as outlined in Figure 4.

Figure 4. Temporary Staffing Trend



2. External Forces

Record low unemployment places pressure on State Government to compete with other employers for the most desirable workers. Managers in State Government who must recruit say it is difficult to hire qualified applicants with the current compensation structure. They expect the forecasted increase in the State's retirement rate to exacerbate the problem. Complicating this external force is the fact that it currently takes government agencies 51 days to hire a new employee, further exacerbating problems with maintaining productivity levels.

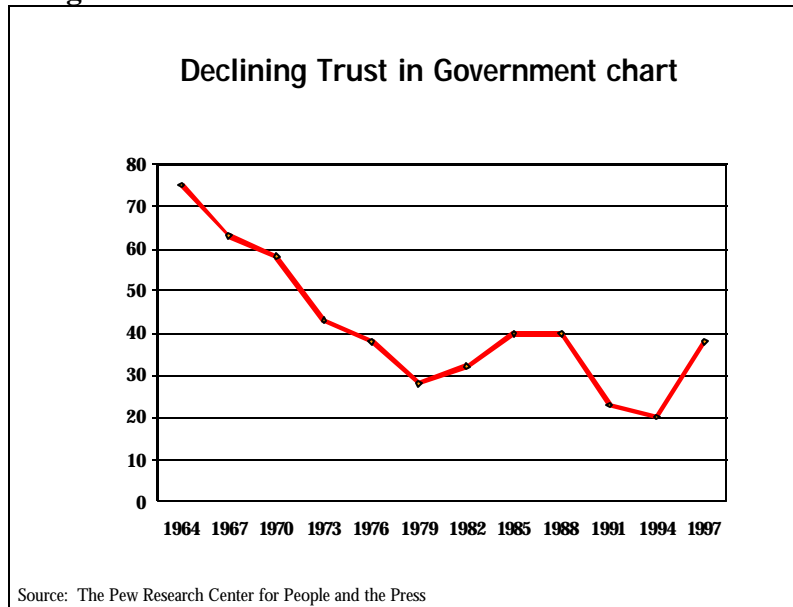
Nationally, researchers note that public trust remains well below its high levels of previous decades. The public perceives that government is too rigid and bureaucratic, driven by process rather than results, and therefore, does not function effectively. Many citizens feel government is not responsive, not customer-driven, and often poorly managed. This perception makes it difficult for the State to recruit and retain the best and brightest. Many recent high school and college graduates believe state government is not a desirable place to work.

The negative perception of governmental employees also impacts the State's ability to hire enough employees to fulfill the public's service needs. Taxpayers are not willing to adequately fund the State's workforce, yet the citizenry continues to make ever-increasing demands for service.

A 1997 Hart-Teeter poll conducted for the Council for Excellence in Government reports that just 32 percent of Americans express a "great deal" or "quite a lot" of confidence in State Government. As shown in **Figure 5**, The Pew Research Center for People and the

Press measured a decline in the public's trust in government of more than 35 percent since measurement began in 1964. Poll respondents noted that improvements in state government customer service would positively affect their attitudes.

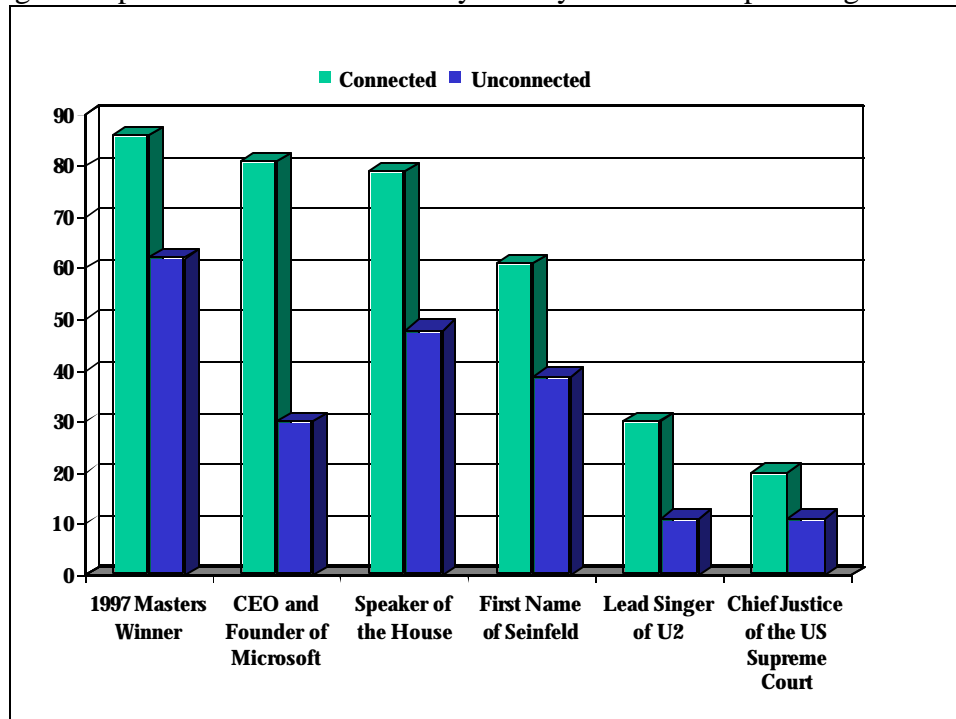
Figure 5. Declining Trust in Government



A relatively new and growing political force is the *digital citizen*--the “wired” citizen who regularly uses a computer on the job or at home, works in self-directed teams rather than top-down hierarchies, and engages in on-the-job problem solving rather than repetitive routines. These “connected” citizens, in growing numbers, are able to transact much of their personal business electronically.

Figure 6. The Emerging Digital Citizen

Percentage of respondents who could correctly identify each of these public figures.



Source: *The Critical Role of Public Management*, KPMG 1999

B. Information Resources for the 100 Day Report

Three questions were developed to serve as the basis for the 100 Day Report information-gathering process:

- What is right with IDOP's management of human resources?
- What is wrong with IDOP's management of human resources?
- What critical issues face State Government's work force?

Responses were solicited in five different ways:

1. *Key stakeholders*, including labor leaders, managers, agency heads, human resource contacts, IPERS members, and elected officials, offered direct input at 45 focus group sessions conducted throughout the state. Director Anderson facilitated the sessions, communicating directly with an estimated 500 stakeholders for more than 100 hours to discuss IDOP's strengths and weaknesses.
2. More than 300 *new employees and managers* were surveyed via direct mail and online at the IDOP website.

3. *Prior comprehensive consultant reports* assessing IPERS and other state employee benefit services, functions, and customer attitudes were reevaluated and improvement ideas are included in this report. These reports were initiated prior to the 100 Day Report project.
4. *Interaction with internal IDOP staff* throughout the project generated significant information.
5. *IDOP Director Mollie Anderson's* own observations of the agency and its functioning. She evaluated all information collected with the fresh perspective of her new role, integrating input from other Iowa State Government planning initiatives and her professional experience.

This fact-finding initiative clearly produced relevant data to guide future decision-making. We also noted that face-to-face communication made a positive impact on employees. Many focus group participants commented they were pleased to see IDOP asking for employee input. The objective and subjective data in this report can serve as a baseline for ongoing measurement of employee statistics and their perceptions about state employment.

What We Learned

A variety of information was collected from internal and external IDOP customers during the course of this study. A database of responses was developed to store employee attitudes and opinions expressed during the focus group sessions³. Surveys distributed to management participants in a Strategic Workforce Planning Conference held September 15, 1999, generated additional feedback⁴. Statistics describing the State's employee populations were compiled from raw data or reports available in the Iowa Department of Personnel.

Focus Group Feedback

The ten most frequent responses to questions posed by the Iowa Department of Personnel during employee focus groups are listed below.

What is right with the Iowa Department of Personnel's management of human resources?

1. IDOP provides a standardized human resource framework for state agencies, which ensures fair, equitable, and consistent administration of compensation and personnel rules.
2. Responsive staff, in spite of negative responses to IDOP's processes and products.
3. Quality retirement benefits.
4. Recent improvements made in labor relations, employee communications, deferred compensation, and access to data.
5. Payroll accuracy.
6. Quality customer service from the Personnel Officers.
7. Quality of training programs.
8. Targeted, customized recruitment efforts, i.e., new prison staff recruitment.
9. Responsive assistance to labor relations' disciplinary problems.
10. Willingness to allow deviation from rules if a compelling case is made.

³ Copies of this Access database are available from the IDOP Director's office upon request.

⁴ This planning conference was conducted to expose upper-level state government managers to the concept of workforce planning and lay the groundwork for a new initiative in this area.

What is wrong with the Iowa Department of Personnel's management of human resources?

1. The recruitment and selection system is ineffective. It doesn't provide enough candidates for hard-to-fill openings and lacks targeting. It takes too long and does not add value. Selection techniques are not business driven, are too bureaucratic and complicated, and classification lists are not current.
2. Low morale of employees caused by demonstrated lack of value/appreciation of public employees by the public and by elected leaders and a culture that reinforces victim attitudes.
3. An ineffective classification and compensation system which is not market driven. Pay ranges are too short with 60% of employees at their maximums. Job descriptions are outdated. Relative ranking is skewed to value supervision more than technical skills. There is a disconnect between pay and performance.
4. Limited methods to reward excellent performers and encourage innovation.
5. Lack of strategic workforce and succession planning that can ensure we have workers we need in the future.
6. Lack of human resource information system (HRIS) data that can be retrieved easily at a local business unit to better manage employees and increase return on investment. This includes skills data, overtime expenditures, staff scheduling, leave usage, and staffing resource data.
7. Poor labor-management practices have focused on adversarial relationships. The current system does not encourage solving problems at the lowest level. The grievance management system is too controlled by IDOP.
8. Current human resource management policies do not result in cost-effective management decisions and are viewed as shell games which hide the cost of the work force needed to accomplish the work of government.
9. Lack of investment in human resource infrastructure causes us to have inadequate staff and resources to get the job done.
10. Inadequate training is given to prepare people for management and supervisory leadership.

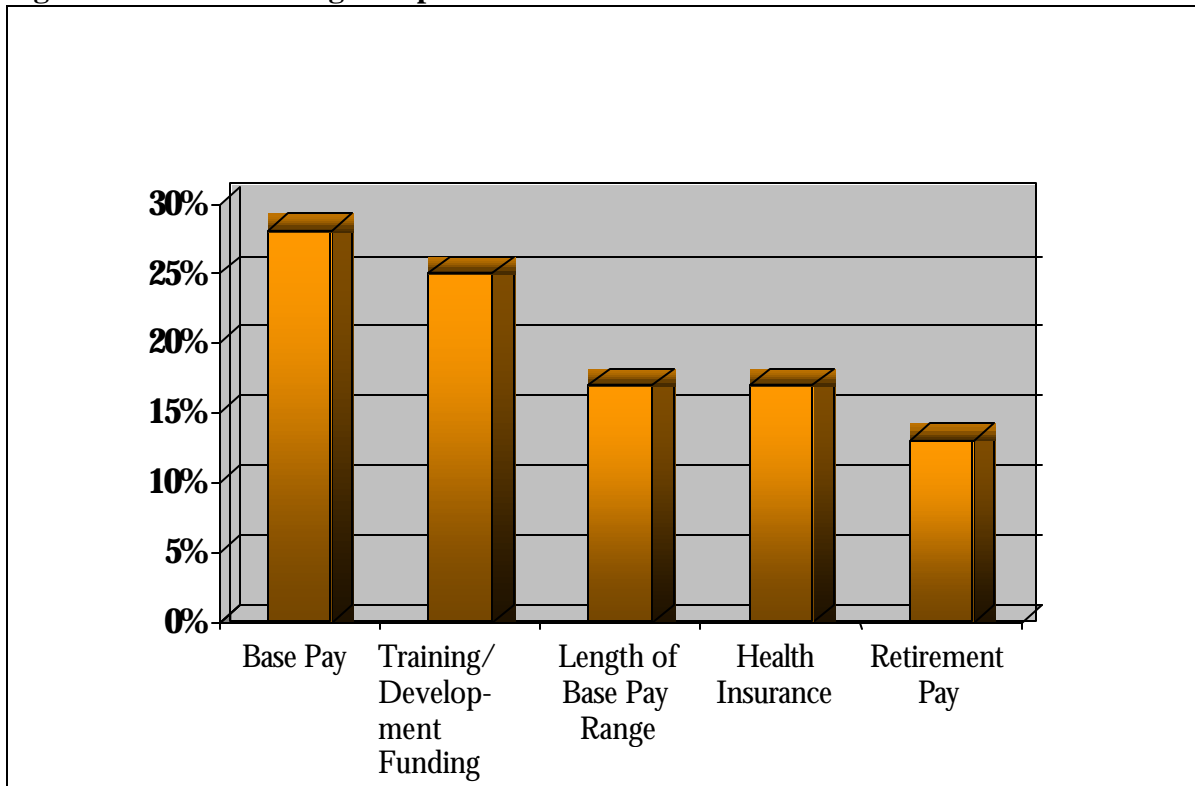
What critical work force issues do IDOP and State Government leaders face?

1. Low morale and lack of appreciation of public employees negatively impact recruitment and retention as well as performance.
2. Increase in retirements as workforce ages and lack of succession planning.
3. Lack of competitive pay in a tight labor market to attract and retain employees.
4. State Government's compensation and benefits package is not competitive.
5. Citizens' unwillingness to increase funding for public administration infrastructure.
6. Citizens demand more for less yet are unwilling to eliminate any programs, leaving staff with inadequate resources to get the job done.
7. Previously elected leadership was not willing to champion and advocate for employees.
8. Current compensation and culture will not attract or retain future workers. In addition, future workers will not stay as long with one employer because they want more variety in the job, more investment in skills and training, more portability of skills, and more portability of retirement benefits.
9. Creating a greater connection between employee performance and pay increases.
10. Increased diversity of our future labor market creates an increasing need to improve the workplace culture to welcome diversity.

What Managers Said

In September 1999, IDOP sponsored a workshop for executive branch managers. The purpose of the workshop was to begin a dialogue with managers on the topic of workforce planning. Workshop attendees were asked to define their most pressing human resource concerns in a pre-workshop survey. Additionally, managers were asked to list their most troubling compensation issues. **Figure 7** shows the top five responses, which were led by concerns regarding base pay.

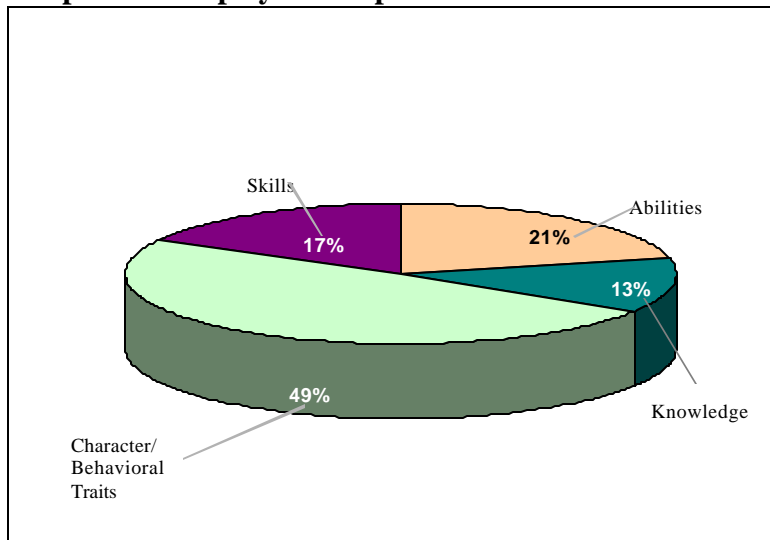
Figure 7. Most Troubling Compensation Issues



Source: Workforce Planning Workshop Survey, 9-99

Managers prioritized the competencies they find most important in new employees. The responses are illustrated in **Figure 8**. One workshop attendee pointed out that the competency rated highest (character/behavioral traits) might not have appeared at the top of the list if the State's compensation plan allowed managers to offer applicants salaries high enough to attract applicants who have the desired knowledge, skills, and abilities to do the job.

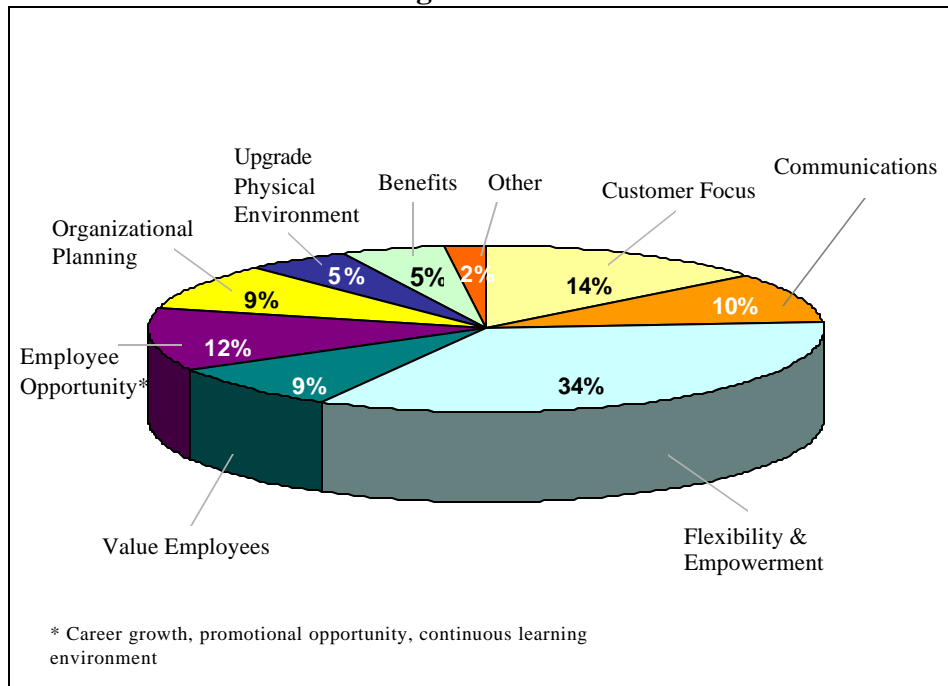
Figure 8. Most Important Employee Competencies



Source: Workforce Planning Workshop Survey, 9-99

Managers attending the Workforce Planning Session also described needed changes in the state government work culture. They named multiple areas that needed improvement, with increased flexibility and empowerment heading the list for 34 percent of respondents. As **Figure 9** shows, a sharper customer focus (14 percent) and increased opportunities for employees (12 percent) were also highly ranked.

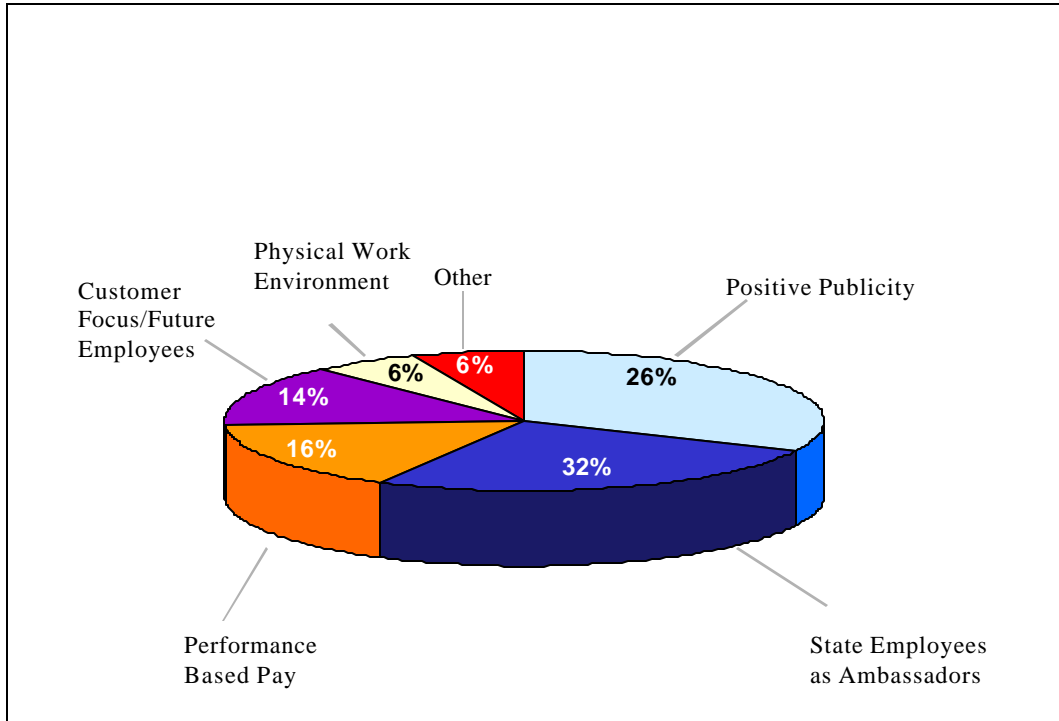
Figure 9. Most Needed Cultural Changes



Source: Workforce Planning Workshop Survey, 9-99

What factors do managers feel influence a worker's decision to consider a state job? **Figure 10** shows that a prospective employee's perception of state employees as ambassadors serving Iowa's citizens tops the list. Positive publicity about the work of State Government ranks second.

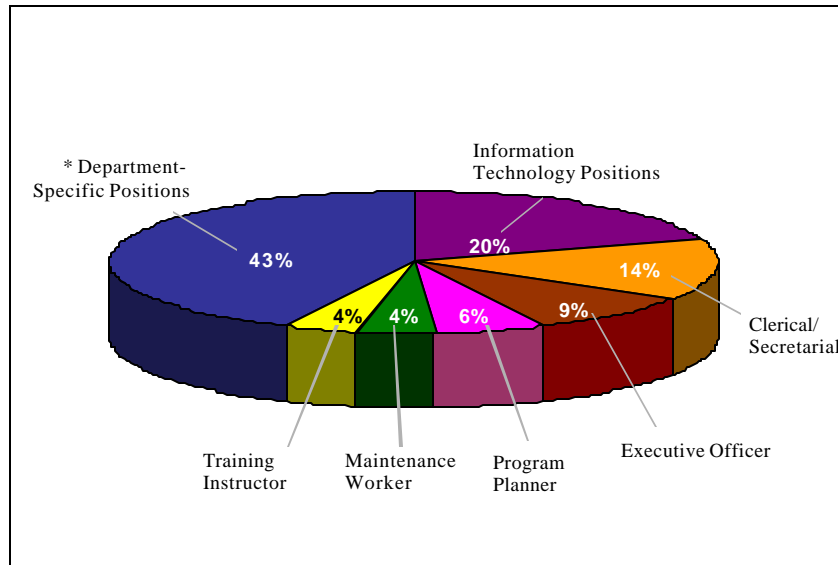
Figure 10. Perceptions That Encourage People to Work for State Government



Source: Workforce Planning Workshop Survey, 9-99

Managers who attended the workshop were asked to prioritize job classes which present difficult recruitment, retention, and classification issues and that require special IDOP attention. Department-specific positions, e.g., civil engineers, bank examiners, etc., pose the greatest difficulties (**Figure 11**).

Figure 11. Priorities for Recruitment/Retention/Classification



Source: Workforce Planning Workshop Survey, 9-99

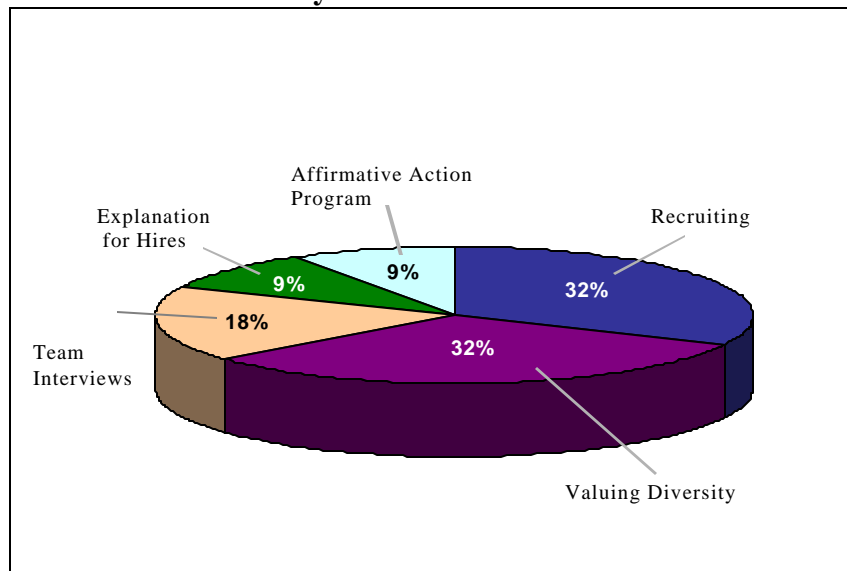
* Department-specific listing of jobs:

- Public Health: Public Service Executive 1-5
- Public Defense: Military Security Guard
- Commerce: Credit Union Examiner Series
- Commerce/Alcoholic Beverage Division: Field Auditor II, Purchasing Assistants
- Commerce/Bank Division: Assistant Bank Examiner, Commissioned Bank Examiner, Advanced Commissioned Bank Examiner

The growth of a diverse work force is a significant concern among state managers.

Figure 12 shows techniques the workshop participants felt were most effective to attract a diverse work force.

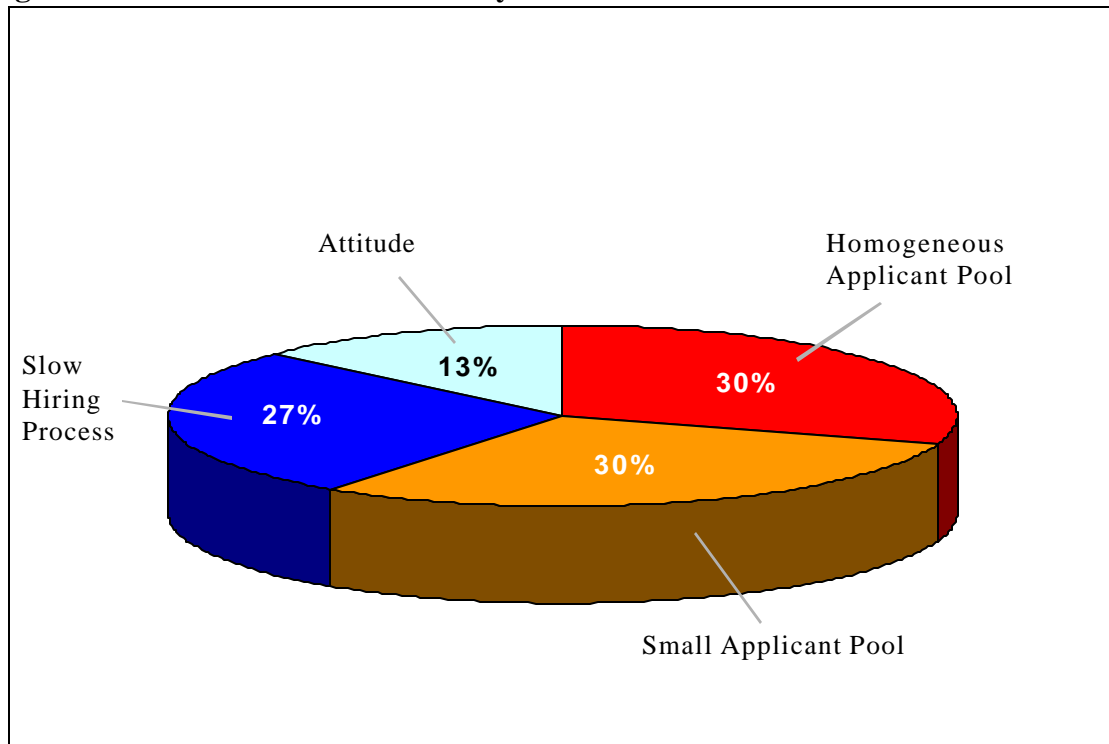
Figure 12. How to Ensure Diversity



Source: Workforce Planning Workshop Survey, 9-99

State managers were asked what limits the State's ability to cultivate a more diverse workforce. **Figure 13** lists some controllable and some uncontrollable factors.

Figure 13. Barriers that Limit Diversity



Source: Workforce Planning Workshop Survey, 9-99

A Statistical Picture of State Employees

An important component of IDOP's evaluation of the State's human resource structure and systems was the collection of data to quantify key characteristics of the employee population. This research phase generated data to answer questions a Chief Executive Officer would need and expect to have available to manage an enterprise's current human resource function and plan future resource requirements. Some examples:

- How many employees do we have? Is that the "right" number?
- How many employees do our peers have? How do we compare?
- Are our employees paid competitively? How does their pay compare to peers' pay?
- What is the average age of our employee base?
- What are its diversity characteristics?
- What about vacant positions? What process is used to determine if vacancies will be filled?
- What factors affect productivity?

What is the size of the executive branch work force? **Figure 14** estimates the number of workers and compensation for six worker categories.

Figure 14. The Executive Branch Work Force (estimate)

No.	Type	Number of Employees	Cost
1.	Permanent Full-Time Employees	19,391	\$816,463,830 *
2.	Permanent Part-Time Employees	258	\$4,730,637
3.	Temporary Employees	1,055	\$4,733,330
4.	Professional Employer Organization	319	\$7,033,014
5.	Temporary Service Employees	748	\$2,659,442
6.	Contractors ⁵	**	\$400,447,699
	Total (estimate)	21,771+	\$1,236,067,952

Source: IDOP HRIS, 1999

* Does not include Regents.

** IDOP is gathering information on contractor numbers.

Item numbers 1-3 are derived from calendar year 1998; item numbers 4-5 show fiscal year 1999 information. Temporary service employee placements averaged 300 hours in 1999. Item number 6 is derived from fiscal year 1999 data.

Of the contractors listed under number 6 in **Figure 14**, the following table lists the top 10 based on dollar value of each contract.

Figure 15. Top 10 Contractors in Fiscal Year 1999

No.	Contractor	Cost
1.	McLeod Network Services	\$15,169,826
2.	Consultec	\$14,240,257
3.	University of Iowa	\$10,835,182
4.	Iowa State University	\$9,273,828
5.	Merit Behavioral Care	\$7,381,656
6.	J.P. Morgan Investment Mgt.	\$7,241,469
7.	Policy Studies, Inc.	\$5,420,016
8.	Iowa Foundation for Medical Care	\$4,972,468
9.	Morrison Healthcare, Inc.	\$3,694,313
10.	CTA Incorporated	\$3,440,668

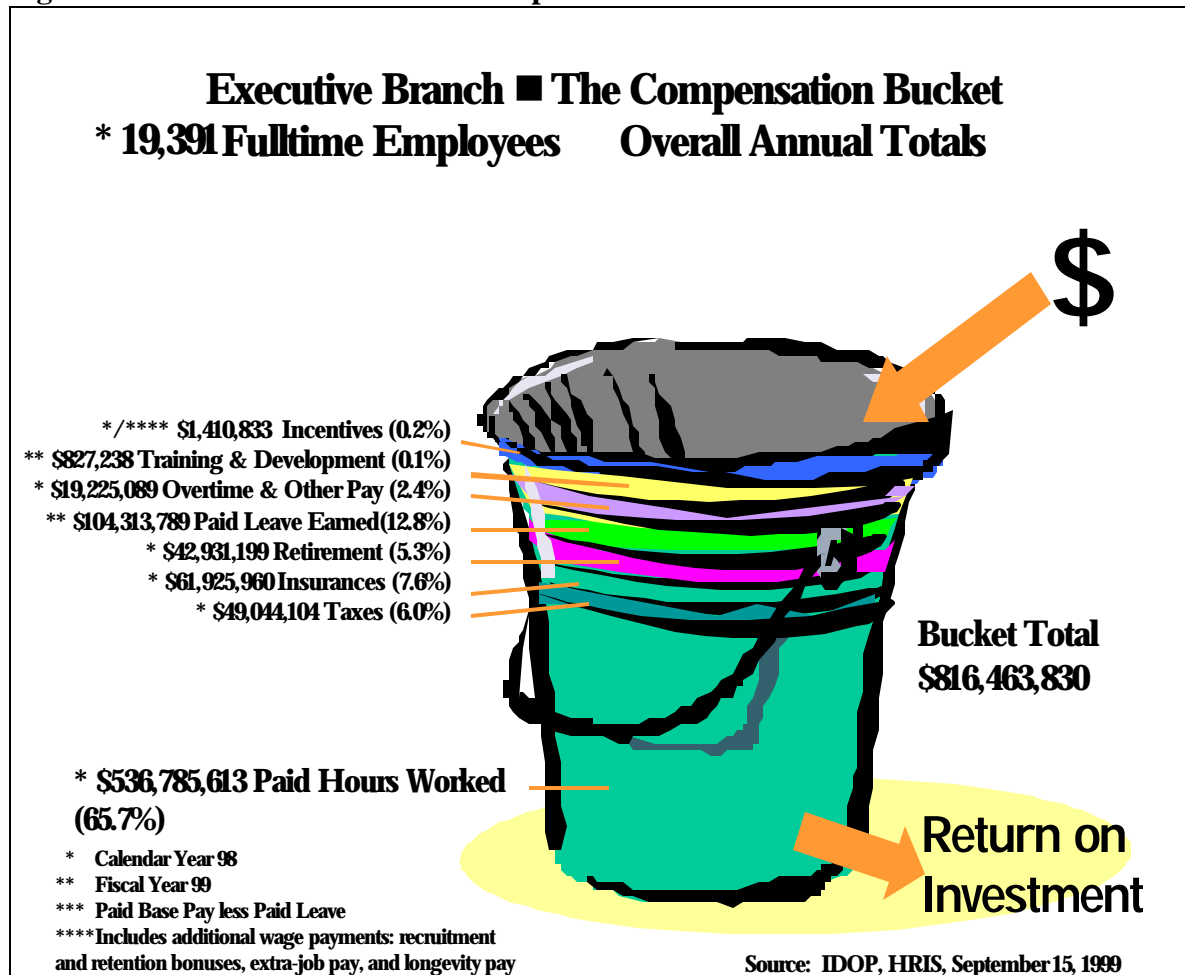
Currently, there are no consistent methods for state agencies to make contracting decisions. It is this lack of guidance coupled with legislative restraints in hiring (e.g., full-time employee caps), that create incentives for agencies to contract out work,

⁵ Reflects only state contractors paid under accounting objective codes identified as "Professional and Scientific Services (405)" and "Outside Services (406)"

sometimes a more costly proposition than hiring. Guidelines need to be established to assist agencies with making staffing decisions.

How much does the State spend for total compensation? **Figure 16** estimates an annualized total compensation amount. Note that the components of these estimates are drawn from both calendar and fiscal years.

Figure 16. Executive Branch: The Compensation Bucket



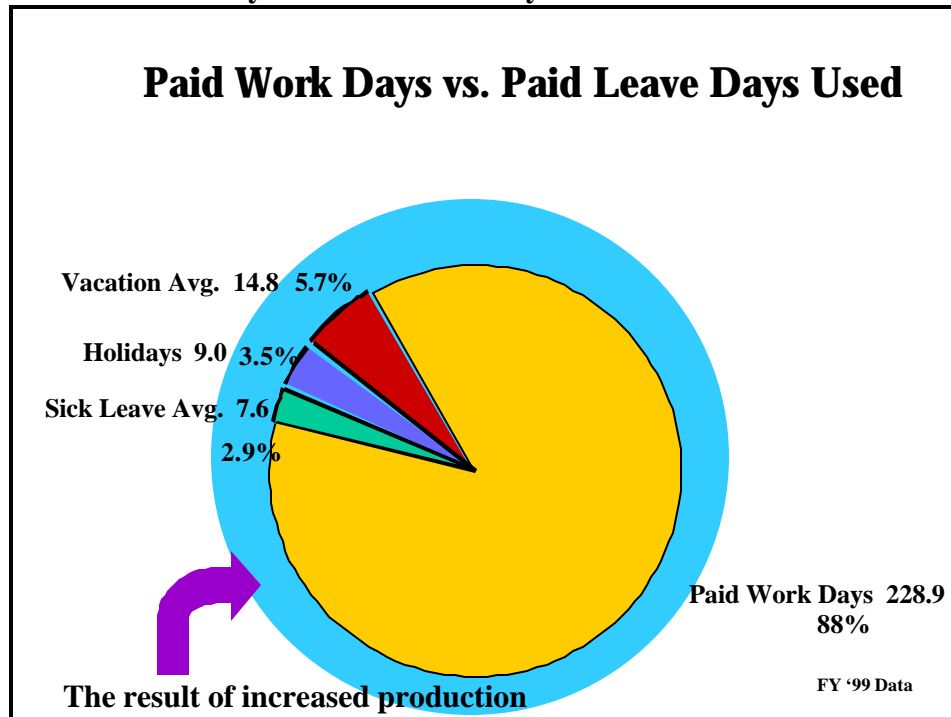
Source: IDOP HRIS, 9-99

The state's compensation philosophy should be re-evaluated to address a number of current problems, which hinder our ability to recruit and retain a high performance work force:

1. Is the mix and weighting among elements of compensation optimal?
2. 60% of employees are at the top of their pay range, indicating ranges may be too short.
3. Employee pay is not currently connected strongly enough to performance.

How much productive time does each employee bring to the workplace? **Figure 17** illustrates that, based on the State's current paid leave standards, an employee is available for work only 228.6 of 260 potential workdays in a calendar year.

Figure 17. Paid Work Days vs. Paid Leave Days Used



Source: IDOP HRIS, 1999

In order to increase productivity, the state could focus its efforts at reducing paid leave or work toward expanding the size of the pie, above, through the use of:

- Improving employee morale
- Improving work environment
- Reducing turnover
- Overtime
- Training
- Contingent or temporary workers
- Targeted performance management initiatives
- Pay for performance
- Improving health of work force
- Hire more employees

Considering the percentage of vacant but authorized FTEs and amount of paid leave time, how many employees are actually available to work? **Figure 18** shows the reduction in the size of the State's workforce when vacant FTEs and paid leave time are subtracted.

Figure 18. Actual Productive Time Available for State Employees

Productive Time Available	
<u>Category</u>	<u>Count</u>
Total Authorized FTE*	21,763
Vacant FTE **	(1,193)
Filled FTE	20,570
Paid Leave Time (12.1%)	(2,489)
Employees Available for Work Assignments	18,081
Percent Employees Available	83%

* per Department of Management Executive Branch, excluding Regents and CBC as of 7/1/99.
 ** per HRIS 9/16/99

Reduction of absenteeism offers a significant opportunity to enhance employee productivity. As **Figure 19** shows, a reduction in absenteeism of just one day per employee produces the net productivity increase of 75 additional employees.

Figure 19. The Benefit of Reducing Absenteeism



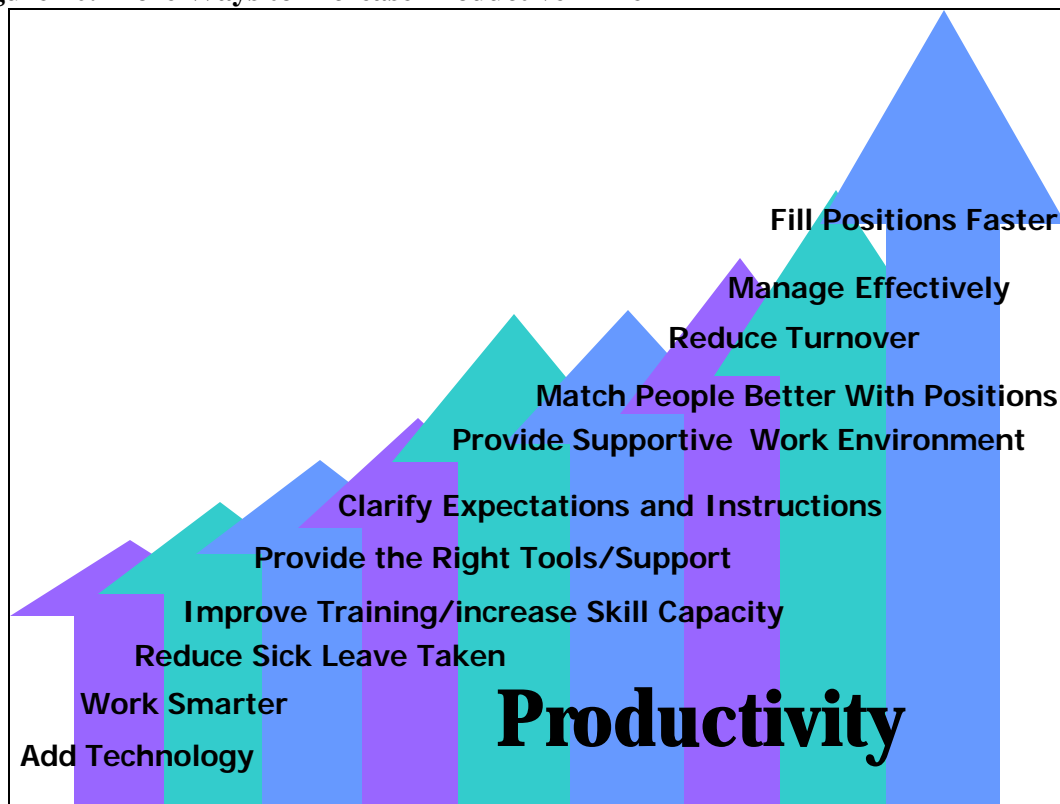
Source: IDOP HRIS, 1999

Focus group participants suggested action steps or changes in management practices that would enhance productivity, as shown below.

Ways to Improve Productivity

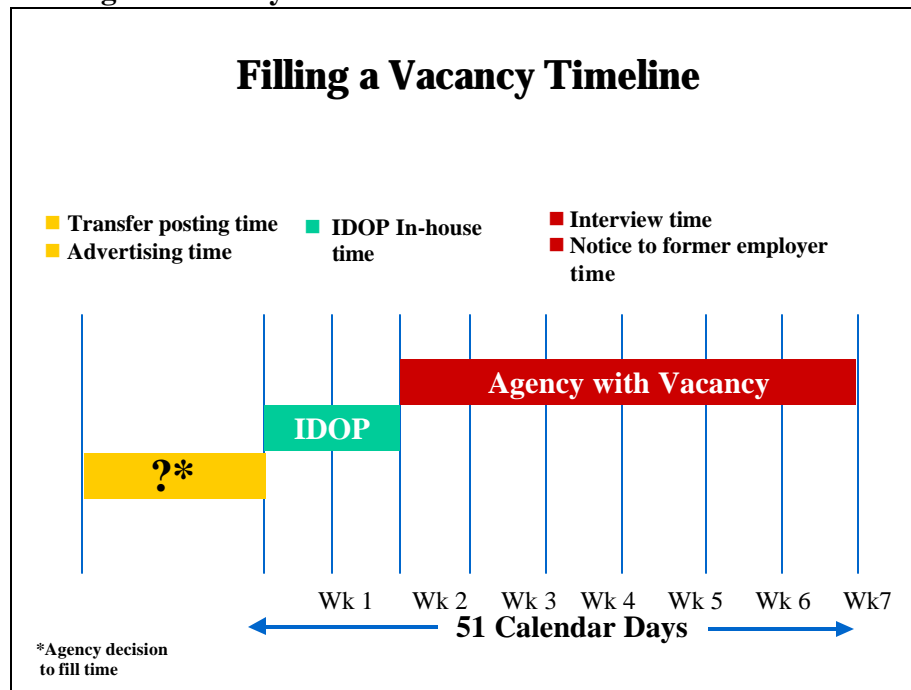
- Improve employee morale
- Increase employee communication
- Recognize and reward positive contributions
- Improve the public's perception of the public employee
- Improve supervision and leadership skills
- Improve the pride employees take in their work
- Involve front-line employees in problem solving
- Improve the quality and appearance of the physical work environment
- Improve the clarity of the expectations and desired outcomes

Figure 20. More Ways to Increase Productive Time



Source: 100 Day Report Focus Groups, state employees, 1999

Figure 21. Filling the Vacancy Timeline



Vacant but authorized positions cost State Government significant dollars due to the lost productivity they create. For example: In September 1999, the State had 1193 vacant funded FTEs. Assuming that it will take 90 calendar days (63 work days) from the point of employee resignation or termination to the time a new employee starts, then multiplying that by the average daily salary of an executive branch employee:

1193 vacancies x 63 days position is vacant x \$141.32 cost per day = Annual productivity loss of \$10,621,469.

Additionally, administrative costs of filling vacancies are substantial, given the time and associated costs related with the search.

Figure 22. Estimated Costs of Filling a Vacancy

Cost Item	Amount
Management Time	\$1638
Support Time	\$306
Training and Orientation Time	\$1092
IDOP Processing	\$381
Expenses (ads, relocation, travel, phone, etc.)*	\$9064
Total	\$12,481

* Average relocation cost estimate for calendar year 1998 was \$7318, with 106 claims. This figure is not applicable to every hire, but is a significant factor in the overall cost of filling positions.

Figure 23 illustrates the ratio of the number of applicants to the number of actual hires, demonstrating an inordinate amount of processing time to yield the candidate who will actually do the work.

Figure 23. Selection Ratio of Applicants to Hires

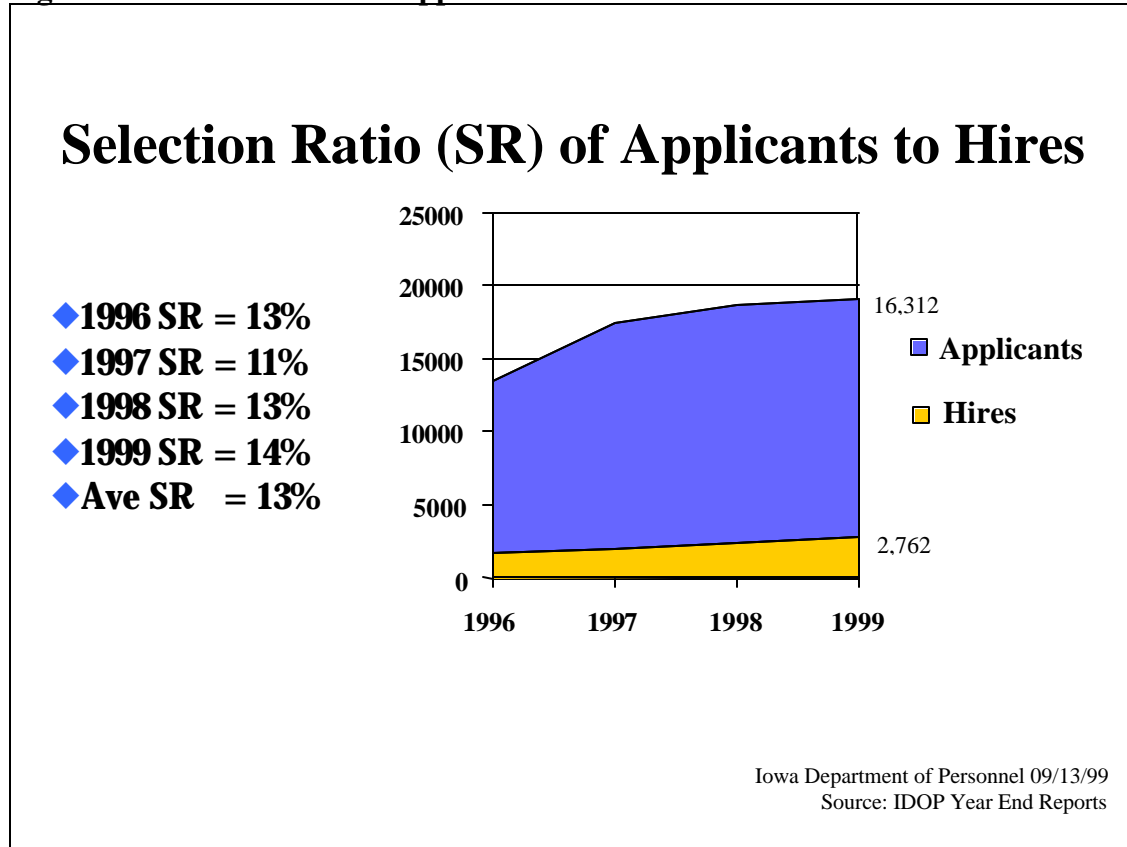


Figure 24 displays the 5 job classifications experiencing the highest rate of turnover during the relevant fiscal year. Agencies with these job classifications face a particular challenge in maintaining their productivity.

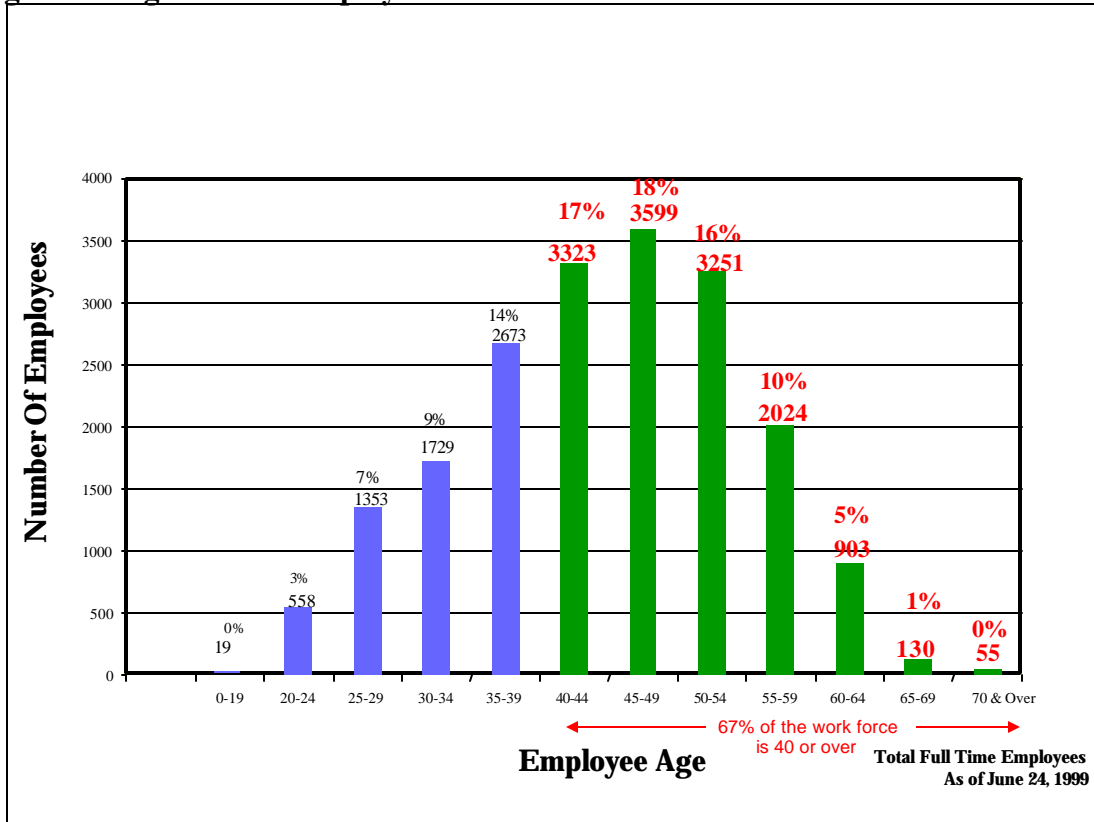
Figure 24. Turnover by Ranking

Class Title	FY 1999	FY 1998	FY 1997	FY 1996
Correctional Officer	1	1	4	3
Typist-Advanced	2	2	5	2
Resident Treatment Worker	3	3	3	1
Income Maintenance Worker 2	4	5	9	7
Equipment Operator 1	5	9	12	6

Rank #1 equals the class with the highest turnover for any reason (promotion, transfer, termination and reclassification) during the fiscal year.

Iowa state employees are aging, an important factor driving compensation costs. As **Figure 25** illustrates, the median age of employees falls in the 45-49 age range now — a large employee group that will continue to age, increasing interest in a range of retirement issues as retirement approaches.

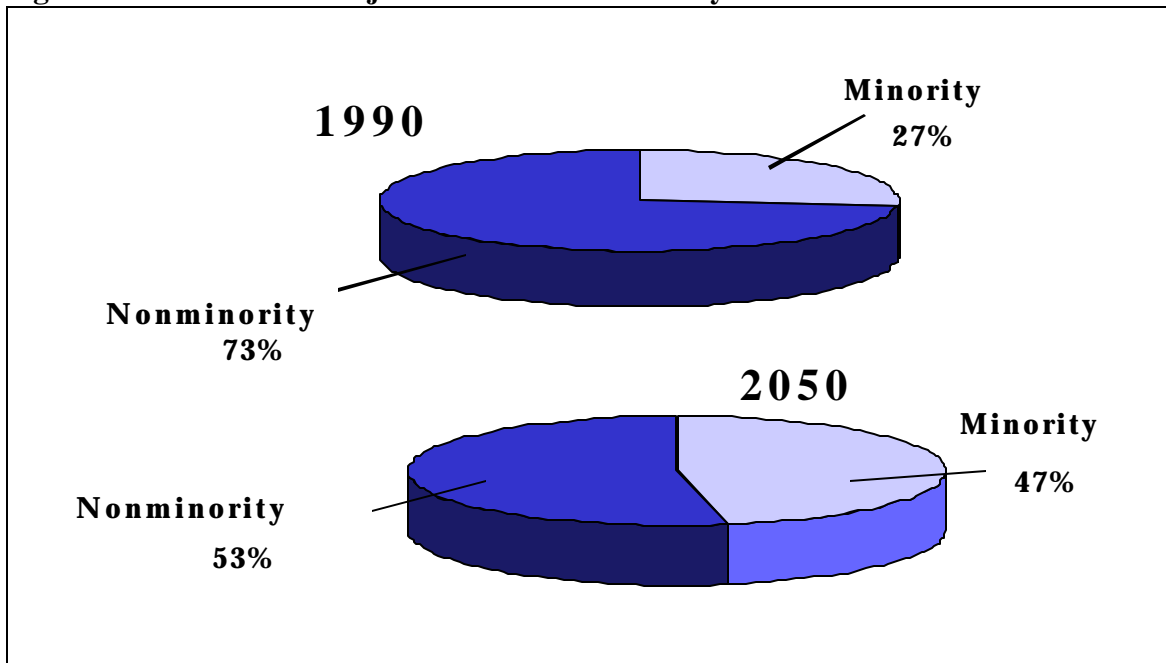
Figure 25. Age of State Employees



Source: IDOP HRIS, 9-99

Trends in workforce diversity will affect the State's future employee population. **Figure 26** shows U.S. Census Bureau projections of a near doubling in the percentage of our nation's workforce population comprised of minorities from the year 1990 to the year 2050. In the case of the state of Iowa, Census Bureau projections estimate a doubling in the percentage of our minority population by the year 2025 – a much faster rate of increase than the nation.

Figure 26. Current and Projected Workforce Diversity



Source: U. S. Census Bureau, 1999

Iowa Department of Personnel: Current and Future Roles

IDOP Customers, Systems, and Services

IDOP customers are state employees and supervisors who work in all 99 Iowa counties and those who apply for jobs in State Government. Customers receive some or all of the seven basic IDOP services, described here with 1998 data:

1. The **human resource information system** manages payroll for approximately 20,000⁶ state employees, 51.4 percent male and 48.6 percent female. Turnover was 7.64 percent. Employees worked 564,390 hours of overtime, an average of 30 hours per employee per year.
2. The **recruitment and selection system** processed almost 66,000 job referrals from approximately 16,000 applicants and hired 2,762 people.
3. The **job classification system** maintained guidelines, classifications, and descriptions for 814 different positions in state government, handling deletions, revisions, and additions.
4. The **benefits, compensation, and retirement** programs administered 33,000 health insurance contracts covering 70,000 people; 30,500 dental contracts covering 65,000 people; and \$467 million of life insurance coverage in force. In FY 1998, 666 new workers' compensation claims resulted in 16,587 lost workdays. Total IPERS benefits of approximately \$460 million were paid out of the IPERS trust fund, which has grown to \$15 billion dollars.
5. **Performance management** processes were available to be administered for all state employees. A total of \$1,543,000 was given in merit salary increases in FY 1999 to non-contract employees.
6. **Career development and training** included 155 different training courses provided to approximately 8,300 state employees at a cost of approximately \$826,000.
7. **Labor policies, contracts, and communications** were managed on behalf of the 81 percent of state employees covered by a collective bargaining agreement. A total of 658 grievances were processed at the third step, resulting in 36 arbitrations. \$120 million in wage increases were given as a result of the contract negotiations.

IDOP systems and the services provided to IDOP's internal and external customers are charted in **Figure 27**.

⁶ Includes full-time, part-time, and temporary employees. Excludes Regents and Community-Based Corrections

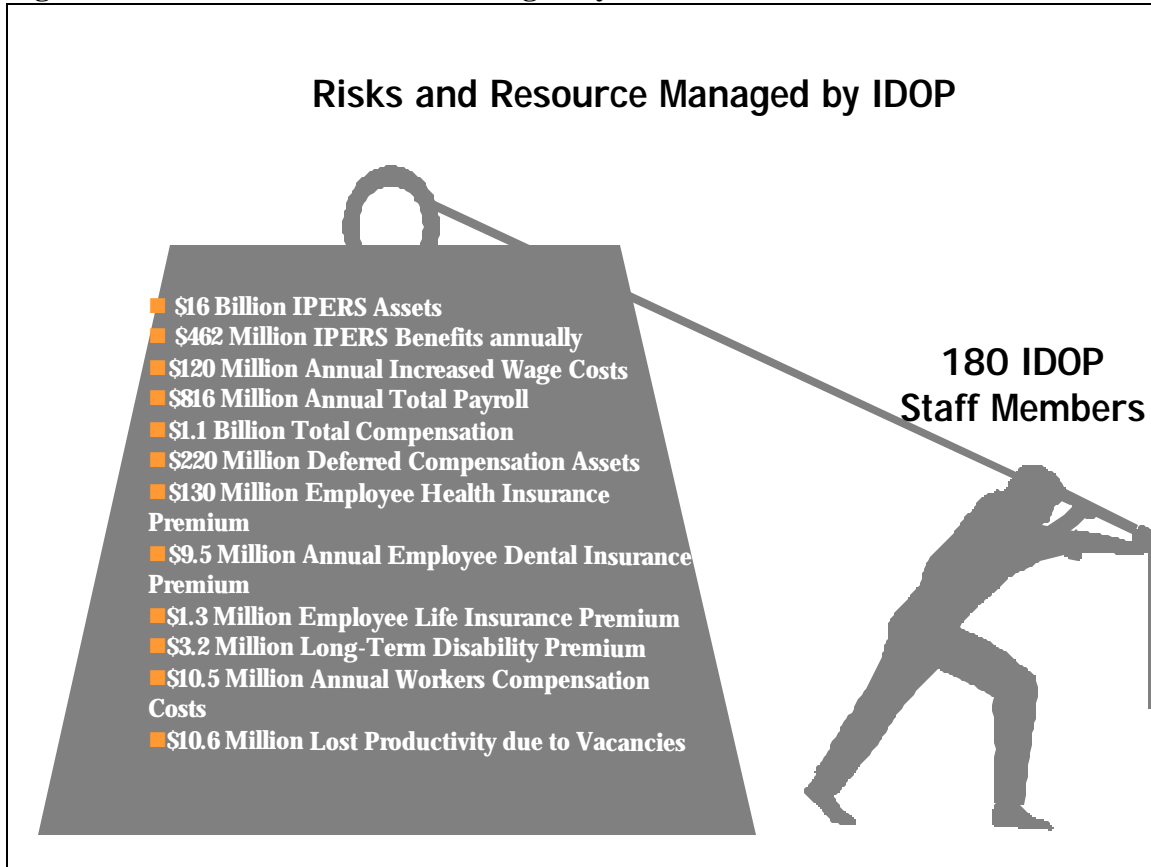
Figure 27. IDOP Systems and Services Provided

System	Services Provided
Human Resource Information System	<ul style="list-style-type: none"> ■ Administrative system updates ■ System user support/training ■ Human resource data capture
Recruitment and Selection	<ul style="list-style-type: none"> ■ Accepting and processing applications ■ Inquiry processing ■ Testing ■ Eligibility lists production and distribution ■ Vacancy forecasting ■ Affirmative Action Plan compliance management ■ Equal Opportunity Employment regulation compliance management ■ Americans with Disability Act compliance and management
Job Classification	<ul style="list-style-type: none"> ■ Policy Development ■ Class/pay plan ■ Class guides/descriptions ■ Compensation surveys ■ Pay changes ■ Position Classification ■ FLSA determinations
Benefits, Compensation, and Retirement	<ul style="list-style-type: none"> ■ Pay documents ■ Compensation studies and surveys ■ Coordination of union-requested pay grade changes ■ Compensation data for collective bargaining use ■ Administration of leave programs ■ Check stuffer policy and management ■ Resolution of alleged pay violations ■ Contract and unemployment compensation ■ 9 health insurance plans ■ 1 life insurance plan ■ 1 long-term disability plan ■ 1 dental insurance plan ■ 1 deferred compensation plan, 81 investment providers ■ Workers' compensation risk management ■ Employee Assistance Program ■ Wellness Program ■ Retirement, death benefit, and dividend payments ■ Retirement newsletters, handbooks, posters, and annual statements ■ Tax reporting ■ Training videotapes

System	Services Provided
Performance Management	<ul style="list-style-type: none"> ■ Training courses ■ Performance appraisal tool ■ Supervisor manuals
Career Development and Training	<ul style="list-style-type: none"> ■ Course development and delivery ■ State of Iowa's Trainers' Consortium management ■ Training needs assessment ■ Training evaluation ■ 3 training certificate programs
Labor Policies, Contracts and Communications	<ul style="list-style-type: none"> ■ Training consultation ■ Policy development ■ Mediations ■ Grievance hearings

In addition to being state government's primary personnel agency, IDOP also has a significant presence in the management of the state's financial assets. This list is topped by the \$15 billion in assets held in the Iowa Public Employee Retirement System trust fund and continues through the management of various state employee benefit programs. As a portion of the total compensation paid to Executive Branch employees, IDOP manages over \$150 million annually in various employee benefit premiums. **Figure 28** provides an overview by estimating the value of these risks.

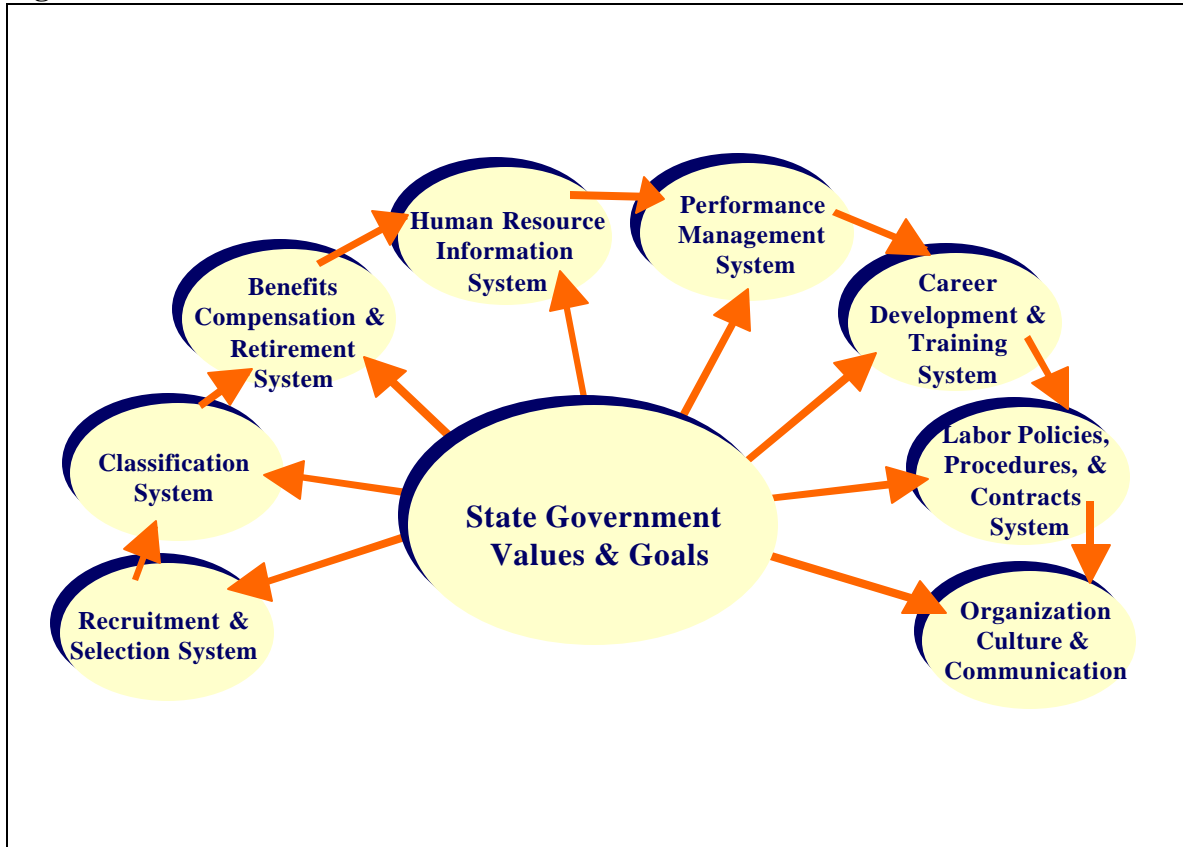
Figure 28. Risks and Resources Managed by IDOP



Source: IDOP, 1999

Director Anderson is developing a plan for restructuring the department in order to better accommodate customer needs. **Figure 29** shows a proposed realignment of IDOP systems.

Figure 29. Current Human Resource Infrastructure



Source: IDOP, 1999

The restructuring will create a customer-driven department which will be divided into service hubs and include representatives from each business unit. Each service hub will learn the business of the agencies they service, enabling them to deliver customized products, services, and programs to external customers. This new structure will accomplish:

- Customer service improvement
- More flexibility for customers
- Customization of services
- Increase research capacity to identify human resource trends

Figure 30 describes the major new initiatives of the new business units.

Figure 30 describes the major new initiatives of the new business units.

Figure 30. Some Key Priorities to be Addressed through Restructuring IDOP

Business Unit/ Fiscal Year 2001 Budget Initiative	Functions/Initiatives
Research, Measurement, and Strategic Planning	
\$294,302 and 2 FTE to redesign human resource programs.	<ul style="list-style-type: none"> ■ Redesign the job classification system to meet current and future workforce needs, supporting enterprise themes and career movement. Develop and implement a strategic plan. ■ Redesign pay plans and pay policies. ■ Planning - Provide a focal point for the strategic planning efforts for Personnel. Coordinate tactical plans and serve as project managers for implementation of specific projects. ■ Implement strategic workforce planning. ■ Develop capacity to research trends and design new products and programs. ■ Develop ways to measure customer satisfaction. ■ Produce "Iowa Almanac of Basic Human Resource Management Information Data." ■ Conduct annual human resource audits to ensure compliance.
\$118,214 and 2 FTE to improve the state's ability to meet needs for a diverse workforce.	<ul style="list-style-type: none"> ■ Improve Affirmative Action efforts and increase the diversity of State Government's work force.
\$348,411 and 2 FTE for HRIS needs assessment.	<ul style="list-style-type: none"> ■ Develop managers' guides for use of FTEs versus other types of workers. ■ Address key HRIS needs during transition until system is replaced. ■ Redesign the performance management system.
Customer Service Delivery	
\$104,832 and 2 FTE for training system development.	<ul style="list-style-type: none"> ■ Increase training and development investment. ■ Increase leadership management training to support core competencies and values.

Business Unit/ Fiscal Year 2001 Budget Initiative	Functions/Initiatives
	<ul style="list-style-type: none"> ■ Increase use of automated training programs. ■ Restructure current customer service staff into service hub model. ■ Create a service agreement with each customer agency to define core and optional service needs. ■ Introduce legislation to move away from the merit system, certification lists, and the rule of 6. ■ Create and implement a call center. ■ Conduct forums with stakeholders to identify current and future problems. ■ Provide a variety of performance management models for agency management. ■ Develop and implement employee reward and recognition programs. ■ Restructure the recruitment and selection system which encourages targeted recruitment and decreases the length of time to fill a vacancy.
\$100,000 for public health intern program.	<ul style="list-style-type: none"> ■ Create a statewide internship program that will allow IDOP to interact with the educational institutions.
Health and Safety Benefits	
\$1,007,671 and 1 FTE (maintenance of effort for health insurance program) added for legal support.	<ul style="list-style-type: none"> ■ Add staff in legal and contract management, risk management, and financial management. ■ Implement the health flexible spending account program. ■ Outsource elements within the flexible spending accounts and workers' compensation programs. ■ Evaluate the viability of the health insurance reserve fund and develop guidelines for spending. ■ Introduce technology to improve program efficiency. ■ Monitor health insurance claims data to support effective decision-making.

Business Unit/ Fiscal Year 2001 Budget Initiative	Functions/Initiatives
	<ul style="list-style-type: none"> ■ Implement a wellness strategic plan. ■ Leverage the state's role as the largest employer in negotiations with health care providers. ■ Create a health advisory council to assist communications and evaluate program effectiveness.
\$257,824 and 3 FTE.	<ul style="list-style-type: none"> ■ Implement the deferred compensation match program including acquisition of technological innovation in order to more effectively manage program assets and contributions.
Communications and Culture (Public Information Officer)	<ul style="list-style-type: none"> ■ Plan website, newsletter, and media relations programs. ■ Offer training on listening skills. ■ Hire Public Information Officer/Legislative Liaison. ■ Identify activities and tools that foster the culture we wish to create. ■ Develop a program that fosters a positive image of public employees on the part of both citizens and employees.
Labor Relations and Legal	<ul style="list-style-type: none"> ■ Continue to improve relationships between the State and the unions. ■ Implement the Governor's Executive Order that requires a reduction in administrative rules. ■ Create and implement a strategic plan regarding contract negotiations for the next negotiation session.
\$126,314 and 2 FTE.	<ul style="list-style-type: none"> ■ Implement labor-management committees and continue to provide training to make these meetings sufficient and productive. ■ Implement a strategic plan that encourages agencies/ departments to solve issues at the local level (e.g., improvement in the grievance process). ■ Provide increased training to managers and supervisors on labor relations issues.

Business Unit/ Fiscal Year 2001 Budget Initiative	Functions/Initiatives
	<ul style="list-style-type: none"> ■ Distribute information to managers and supervisors about current issues involving labor relations and employment law. ■ Create joint study groups to evaluate various new ideas such as: ■ Leave Banks ■ Performance Management Systems ■ A Training Fund ■ Market Differentials ■ Review legislative proposals. ■ Coordinate legal matters with staff at the Attorney General's Office.
Administrative Support Divisions (Personnel)	<ul style="list-style-type: none"> ■ Accounting - Provide a standards-based accounting service that meets all customer and industry needs. This service includes accounting tasks currently being performed in various program areas. Personnel assistant duties are also performed. ■ Technology Infrastructure - Provide a high-use, customer-friendly technology environment where staff can focus on their duties, not the technology. ■ Application Development - Provide analysis and programming services to efficiently automate tasks and processes. This area will be the focal point for contact with all external service providers. ■ Human Resources Information System - Manage the enterprise HRIS to ensure system and data standards are maintained and customer needs are met. ■ System Management - Manage all support systems, including technology and work process systems, to ensure that work processes and technology are appropriate to meet the customers needs. ■ Support Services - Provide appropriate support services to program areas including records management, filing, scanning, word processing, and other support services.

Business Unit/ Fiscal Year 2001 Budget Initiative	Functions/Initiatives
	<ul style="list-style-type: none"> ■ Transaction Processing - Provide a central entity for processing all program area transactions. This area will handle all transactions for HRIS, employee benefits, and other program areas. ■ Data Coordination - Provide input and processing standards, ensure data integrity, and serve as the focal point for all data requests and reports.
\$248,700 and .50 FTE for ICN Room in Grimes	<ul style="list-style-type: none"> ■ Facilities Management - Manage all physical property and office space needs. ■ Purchasing - Serve as the interface to the purchasing system. Maintain supplies. ■ Mail Handling - Provide a central point for handling all inbound and outbound mail. ■ Provide technical support to the customer service function.
Administrative Support Divisions (IPERS)	
\$1,338,030 and 11 FTE to reengineer computer applications AND \$208,218 and 3 FTE for document management system.	<ul style="list-style-type: none"> ■ Accounting - Provide a standards-based accounting service that meets all customer and industry needs. ■ Technology Infrastructure - Provide a high-use customer-friendly technology environment where staff can focus on their duties, not the technology.
\$182,000 for increased phone charges and postage.	<ul style="list-style-type: none"> ■ Application Development - Provide analysis and programming services to efficiently automate tasks and processes. This group is deeply engaged in a major reengineering project. ■ Support Services - Provide appropriate support services to program areas including records management, filing, scanning, word processing, and other support services.

Business Unit/ Fiscal Year 2001 Budget Initiative	Functions/Initiatives
	<ul style="list-style-type: none"> ■ Planning - Provide a focal point for the strategic planning efforts for IPERS. Coordinate tactical plans and serve as project managers for implementation of specific projects. ■ Data Coordination - Provide input and processing standards, ensure data integrity, and serve as the focal point for all data requests and reports.
-\$273,934 savings due to headquarters building purchase.	<ul style="list-style-type: none"> ■ Facilities Management - Manage all physical property and office space needs. ■ Purchasing - Serve as the interface to the purchasing system. Maintain supplies. ■ Mail Handling - Provide a central point for handling all inbound and outbound mail.
IPERS Investment Unit	<ul style="list-style-type: none"> ■ Continued staff development and recruitment in order to regain FY '98 and previous years' competency levels. (This unit lost three of its four most senior investment officers in FY '99.) ■ Continued education of the IPERS Investment Board in principles of institutional investment and fiduciary responsibility. (33% of Board membership was newly appointed in May 1999; 44% of Board membership has tenure of less than 18 months). ■ Strengthen oversight of the \$650 million IPERS commercial real estate portfolio through recruitment and training of an additional investment officer and improvement in real estate consultant's services. ■ Increase quality of contracted professional investment services by continued conversion of IPERS' investment consultant and investment management contracts to our stronger and more comprehensive "model contract."

Business Unit/ Fiscal Year 2001 Budget Initiative	Functions/Initiatives
IPERS Retirement Benefits	
<p>\$261,521 and 6 FTE to meet new customer demand AND \$150,000 to purchase retirement benefits estimator AND \$430,411 and 2 FTE to manage additional disability benefits.</p>	<ul style="list-style-type: none"> ■ Obtain resources and personnel to provide additional member services: ■ Adequately staff the IPERS' phone center. ■ Provide additional pre-retirement counseling through the state. ■ Perform additional compliance audits and training on employer reporting. ■ Improve internal staff training. ■ Expand and improve staff performance standards and quality service sampling. ■ Continue ongoing projects to locate members who are eligible for retirement benefits but have failed to file for their monies. ■ Begin reengineering of the computer system.
IPERS Legal and Communications	
<p>\$224,586 to print and distribute member and employer handbooks.</p>	<ul style="list-style-type: none"> ■ Improve communication with IPERS members. ■ Draft and monitor legislation for retirement benefits enhancements and other changes. ■ Bring IPERS into compliance with new executive orders on administrative rules, e.g., streamlining rules, waivers, etc. ■ Create an IPERS internal audit function to review all internal processes and procedures to ensure legal compliance and prudent business practices.
<p>\$150,000 supplemental for IPERS governance study.</p>	<ul style="list-style-type: none"> ■ Provide legal advice and assistance (including clerical and communications support) as requested concerning the study of IPERS' governance. ■ Continue to work with other units on several joint projects, including IPERS' computer reengineering effort and relocation of its headquarters facility. ■ Prepare to implement the special service disability enhancement if passed. ■ Bring IPERS into compliance with new executive orders on administrative rules.

Conclusions

There are many things going right with state government and its human resources management system. The absence of a strategic workforce plan for the future and a clear compensation strategy make future planning almost impossible. As recruiting for skilled positions becomes even more difficult, the probability of failure grows proportionately.

State Government's return on its investment in human resources is too low and needs to be improved before we ask taxpayers for more money.

The environment in which state government employees work does not support teamwork, shared decision making, or increased accountability—each of which is essential to improving State Government's ability to provide excellent customer service to Iowans.

These are the issues IDOP's internal and external customers have raised in response to questions about how IDOP might provide better service. Director Anderson's fact-finding initiative clearly produced relevant data to guide future decision-making. We also noted that face-to-face communication made a positive impact when asking for employee input. The objective and subjective data in this report can serve as a baseline for ongoing measurement of employee perceptions and population statistics.

There can be no question that revitalization of the human resource roles and functions in State Government is necessary if we are to enhance the capacity and motivation of state government employees to achieve this administration's enterprise goals.

The research and evaluation process undertaken by Director Anderson and the 100 Day Planning Team has provided invaluable data about our strengths and weaknesses. Many focus group participants commented they were pleased to see IDOP asking for input and that the input will lead to a corrective action plan.

While the prospect of so much change is daunting, change is essential. Action to improve structural and functional deficiencies in the seven key resource systems—recruitment and selection; job classification; benefits, compensation and retirement; human resource information; performance management; career development and training; labor policies and contracts; and communication—can be expected to yield a tangible return.

Our challenge now is to implement the plan in the next 3 to 4 years. With the Vilsack/Pederson Administration's feedback in hand, we will continue the process of determining priorities, timing, and action plans.

In the final analysis, we believe that better service to IDOP's customers—the employees of the State of Iowa—will contribute directly to Iowa Government's ability to provide better service to the citizens of this state. Director Anderson looks forward to the opportunity to assist Governor Vilsack and Lt. Governor Pederson in achieving their goal to reconnect Iowans with their government and exceed their expectations.

The Iowa Department of Personnel's mission is to support State agencies in the delivery of services to the people of Iowa by providing programs that recruit, develop and retain a diverse qualified work force, and to administer a responsible retirement system for the exclusive benefit of its members and their benefactors.

The L.L. Bean website quote that appears below summarizes a true commitment to the customer:

"Above all, we wish to avoid having a dissatisfied customer. We consider our customers a part of our organization, and we want them to feel free to make any criticism they see fit in regard to our merchandise or service. Sell practical, tested merchandise at reasonable profit, treat your customers like human beings—and they will always come back."